

Message Text

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FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 TAR-01 SS-15 NSC-05 PA-01

PRS-01 USIA-06 AGR-05 /084 W
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R 071739Z APR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9931

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

C O N F I D E N T I A L SECTION 01 OF 03 LONDON 05215

E.O. 11652: GDS

TAGS: PINT, PFOR, EGEN, UK, EEC

SUBJECT: EC MEMBERSHIP: WEEKEND DEVELOPMENTS AND OUTLOOK

REF: (A) LONDON 4801; (B) LONDON 5030; (C) LONDON 4918

1. SUMMARY - WEEKEND PRESS REPORTED THAT GOVERNMENT END
LABOR PARTY INTERNAL DISAGREEMENT OVER EC MEMBERSHIP IS
MORE SERIOUS THAN WAS PREVIOUSLY THOUGHT (REF A). THESE
REPORTS, IF CORRECT, REVEAL RELATIVELY HIGH LEVEL OF CO-
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OPERATION BETWEEN PRO- AND ANTI-EC GROUPS IN GOVERNMENT

TO LIMIT POTENTIAL DAMAGE. FORMER CONSERVATIVE LEADERS HEATH AND MACMILLAN MADE STRONG PUBLIC STATEMENTS FAVORING CONTINUED MEMBERSHIP, BUT DIFFERED ON PARTISAN TONE WITH HEATH ASKING TORIES TO AVOID TRYING TO EXPLOIT LABOR PARTY'S INTERNAL DIFFICULTIES. LIBERAL LEADER THORPE WAS ALSO ON EC HUSTINGS, PLUGGING FOR CONTINUED MEMBERSHIP. PRIME MINISTER WILSON WILL OPEN WHAT IS EXPECTED TO BE HEATED THREE-DAY DEBATE ON GOVERNMENT'S ENDORSEMENT OF RENEGOTIATED TERMS APRIL 7 BY ANNOUNCING GUIDELINES FOR CONDUCT OF GOVERNMENT MINISTERS DURING REFERENDUM CAMPAIGN. THIS VOLATILE ISSUE COULD INCITE LABOR ANTI-MARKETEERS ON BOTH FRONT AND BACKBENCHES. COMMONS IS STILL EXPECTED TO ENDORSE GOVERNMENT'S RECOMMENDATION OVERWHELMINGLY IN APRIL 9 VOTE, BUT TONE OF DEBATE AND BALANCE OF PRO/ANTI FORCES IN PARLIAMENTARY LABOR PARTY (PLP) WILL HAVE IMPLICATIONS FOR WILSON AND HIS GOVERNMENT (REF B). APRIL 10 WILL BRING COMMONS VOTE ON REFERENDUM BILL. IT IS EXPECTED TO PASS BY COMFORTABLE MARGIN. FINANCIAL TIMES APRIL 7 REPORTED THAT LARGE GENERAL AND MUNICIPAL WORKERS UNION WILL SHORTLY ANNOUNCE ITS SUPPORT FOR RENEGOTIATED TERMS, POSSIBLY PRECIPITATING SIMILAR ANNOUNCEMENTS FROM OTHER PRO-EC UNIONS. ELSEWHERE ON EXTRA-PARLIAMENTARY FRONT, ANTI-MARKETEERS WILL HOLD MAJOR RALLY APRIL 10 IN LONDON'S CENTRAL HALL. PRO-MARKETEERS APPEAR TO BE CONCENTRATING ON GRASS ROOTS AT THIS STAGE. END SUMMARY.

2. SUNDAY TIMES, APRIL 6, CLAIMED TO HAVE OBTAINED THREE "CONFIDENTIAL" LABOR PARTY DOCUMENTS WHICH SHOW FUNDAMENTAL DISAGREEMENT ON RESULTS OF RENEGOTIATION AS WELL AS ON DESIRABILITY OF CONTINUED UK MEMBERSHIP. FIRST DOCUMENT IS TRANSPORT HOUSE APPRAISAL OF RENEGOTIATED TERMS WHICH DISPUTES WHITE PAPER (REF C) AND EARLIER STATEMENTS OF WILSON AND FONSEC CALLAGHAN. SECOND DOCUMENT IS CALLAGHAN-AUTHORED REBUTTAL OF TRANSPORT HOUSE PAPER WHICH ALLEGES LATTER IS "INACCURATE OR MISLEADING ON SOME MAJOR POINTS". THIRD PAPER IS MINUTES OF LABOR PARTY'S EC LIAISON COMMITTEE WHICH DISCLOSE SHARP DISAGREEMENT IN THAT BODY, WITH CALLAGHAN AND FCO MINISTER ROY HATTERSLEY FACING TRADE SECRETARY PETER SHORE, INCONFIDENTIAL

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DUSTY SECRETARY TONY BENN AND IAN MUKARDO. A SECOND SUNDAY TIMES ARTICLE, BY JAMES MARGACH, ASSERTS THAT WILSON'S SERIOUS MISJUDGMENT OF PLP AND GOVERNMENT REACTION WAS DUE TO POOR INTELLIGENCE ON STATE OF PARTY, AND DESCRIBES CONFRONTATIONS BETWEEN WILSON AND CABINET ANTI-MARKETEERS. ACCORDING TO MARGACH, WHO IS USUALLY RELIABLE, THIS DRAMA HAS INCLUDED THREATS OF RESIGNATION BY TWO ANTI-EC CABINET MEMBERS, SUGGESTIONS BY WILSON

THAT HE MIGHT RESIGN AND ABORTIVE WILSON WALK-OUT ON CABINET MEETING. ACTION BY EMPLOYMENT SECRETARY MICHAEL FOOT REPORTEDLY PREVENTED WILSON WALK-OUT. FOOT ALSO EMERGED AS PEACEMAKER IN AT LEAST ONE OTHER INCIDENT AS WELL.

3. FORMER TORY LEADER EDWARD HEATH EMERGED FROM SHADOWS APRIL 5, TO SPEAK OUT IN FAVOR OF CONTINUED MEMBERSHIP. ADDRESSING GREATER LONDON YOUNG CONSERVATIVES, HEATH ALSO CAUTIONED CONSERVATIVE PARTY LEADERSHIP NOT TO EXPLOIT DIVISION IN LABOR PARTY ON EC MEMBERSHIP FOR PARTISAN ADVANTAGE, AS SUCH ACTION COULD PREJUDICE BRITAIN'S

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R 071739Z APR 75

FM AMEMBASSY LONDON
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INFO AMEMBASSY BONN
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CONTINUED MEMBERSHIP. ANOTHER TORY FIGURE FROM OUT OF THE PAST, HAROLD MACMILLAN, APRIL 5 ENDORSED CONTINUED UK MEMBERSHIP. SUPER-MAC, HOWEVER, DID NOT HEED HEATH'S WARNING ABOUT PARTISANSHIP. ACCORDING TO PRESS, AFTER ATTACKING "CONSTITUTIONALLY DANGEROUS" REFERENDUM, MACMILLAN WENT ON TO THE CHARGE THAT LABOR'S LEFT-WING OPPOSED EC BECAUSE THEY WISHED TO CONVERN UK INTO COMMUNIST COUNTRY AND SEE EC MEMBERSHIP AS OBSTACLE TO THAT OB-
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JECTIVE. LIBERAL LEADER JEREMY THORPE ALSO CALLED FOR BRITISH PEOPLE TO SUPPORT CONTINUED MEMBERSHIP, AND SAID THAT WITHDRAWAL WOULD BE ECONOMIC, POLITICAL AND PSYCHOLOGICAL DISASTER FOR UK.

4. WILSON'S GUIDELINES FOR CONDUCT OF GOVERNMENT MEMBERS DURING CAMPAIGN, EXPECTED TO BE ANNOUNCED DURING COMMONS QUESTIONS PERIOD APRIL 7, WILL REPORTEDLY PROHIBIT ANTI-MARKETEERS FROM OPPOSING GOVERNMENT FROM BACK AS WELL AS FRONT BENCHES. IT WILL ALSO LIMIT THEIR ACTIVITIES DURING CAMPAIGN ITSELF. IT WAS DISAGREEMENT ON PRECISELY THIS ISSUE WHICH MARGACH SAID TRIGGERED WILSON'S ATTEMPTED WALK-OUT ON CABINET MEETING AND THE RESIGNATION THREATS. ACCORDINGLY, GUIDELINES, EVEN IF NOW ACCEPTED BY CABINET, ARE ALMOST CERTAIN TO PROVOKE OUTCRY FROM LABOR'S BACKBENCHES. COMMONS DEBATE WILL THEN MOVE TO GOVERNMENT'S RECOMMENDATION, WITH WILSON AND CALLAGHAN OPENING. PRESS IS UNANIMOUSLY PREDICTING 200 VOTE MARGIN APPROVING GOVERNMENT'S RECOMMENDATION ON APRIL 9 -- ROUGHLY HALF OF PLP, ALL BUT 20-25 OF CONSERVATIVES' 297 VOTES, ALL 14 LIBERALS PLUS, POSSIBLY, SCATTERED VOTES FROM SMALLER PARTIES. DEBATE ON EC REFERENDUM BILL IS SCHEDULED TO OPEN FOLLOWING DAY. GOVERNMENT, AS REPORTED PREVIOUSLY, HAS ABANDONED ITS EARLIER INSISTENCE ON SINGLE NATION-WIDE TALLY OF REFERENDUM, APPARENTLY ASSURING ITS TIMELY PASSAGE OVER THE EXPECTED CONSERVATIVE CONSTITUTIONAL OBJECTIONS. GOVERNMENT, FEARFUL LENGTHY CAMPAIGN WILL INTENSIFY PARTISAN EMOTIONS AND TURN-OFF VOTERS, IS NOW SHOOTING FOR JUNE 5 OR MAY 29 DATE FOR REFERENDUM.

5. FINANCIAL TIMES APRIL 7 CARRIED REPORT THAT GENERAL AND MUNICIPAL WORKERS UNION (GMWU) WILL SHORTLY ANNOUNCE ITS SUPPORT OF RENEGOTIATED TERMS AND CONTINUED BRITISH

MEMBERSHIP IN EC. THIS WOULD PUT BRITAIN'S THIRD LARGEST UNION AT ODDS WITH THE OFFICIAL TUC POSITION ON THE EC AND, ACCORDING TO THE FT, COULD PRECIPITATE SIMILAR ANNOUNCEMENTS FROM OTHER TUC UNIONS WHICH FAVOR CONTINUED MEMBERSHIP OR HAVE BEEN LEANING IN THAT DIRECTION. ANTI-MARKET UMBRELLA ORGANIZATION, "NATIONAL REFERENDUM CAMPAIGN", ANNOUNCED MAJOR RALLY APRIL 10 IN CENTRAL
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HALL, LONDON, WITH FOLLOW ON EVENTS IN OTHER MAJOR POPULATION CENTERS. PRO-EC FORCES ARE THUS FAR CONCENTRATING THEIR EFFORTS ON GRASS ROOTS WORK (LOCAL MEETINGS, DEBATES, ETC.), PREFERRING TO DELAY MAJOR EVENTS AND MEDIA OFFENSIVE UNTIL LATER IN CAMPAIGN, BELIEVING THAT EARLY ALL OUT DRIVE COULD BE COUNTERPRODUCTIVE.

6. COMMENT: SUNADY TIMES REVELATIONS WERE NOTABLE IN TERMS OF DETAIL. SOMEONE IN GOVERNMENT LEAKED SENSITIVE INTERNAL DOCUMENTS AND ACCOUNTS OF INTRA-GOVERNMENTAL BICKERING. AT THIS POINT THE PRO-EC CAMP APPEARS TO BE THE SOURCE, AS THEY HAVE GAINED THE MOST FROM THESE LEAKS. THESE DISCLOSURES ARE, HOWEVER, CERTAIN TO ANGER BACKBENCH (AND POSSIBLY FRONT BENCH) ANTI-MARKETEERS.

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PRS-01 USIA-06 AGR-05 /084 W
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R 071739Z APR 75

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IF THE MARGACH ARTICLE IS ACCURATE, AND WE BELIEVE IT IS, BOTH THE GOVERNMENT AND THE PARTY HAVE MADE TREMENDOUS EFFORTS TO MINIMIZE THEIR DIFFERENCES ON THE EC AND AVOID BITTER ACRIMONY. THE LEAKS WOULD APPEAR TO THREATEN THAT COOPERATION, AS ANTI-MARKETEERS, ALREADY ANGRY OVER THE ADVANTAGES ENJOYED BY THE GOVERNMENT, WILL BE INCENSED OVER THESE DEVELOPMENTS. IT IS NOTABLE, HOWEVER, THAT FOOT, WHO IS THE MOST INFLUENTIAL OF THE ANTI-MARKET

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MINISTERS, HAS EMERGED AS THE CABINET'S LEADING PEACE-MAKER.

7. TWO FACTORS WILL MERIT SPECIAL ATTENTION DURING THE WEEK'S PARLIAMENTARY PROCEEDINGS: TONE OF DEBATE AND BALANCE BETWEEN PRO- AND ANTI-EC FACTIONS IN PLP. AS WE NOTED PREVIOUSLY, TONE OF DEBATE WILL SET TENOR OF REFERENDUM CAMPAIGN AND COULD EXACERBATE DIVISIONS IN LABOR PARTY, WHILE PLP BALANCE WILL HAVE IMPORTANT IMPLICATIONS FOR WILSON'S FUTURE AS PARTY LEADER. OUR BEST CURRENT ESTIMATE IS THAT COMMONS WILL ENDORSE GOVERNMENT'S RECOMMENDATION BY CLOSE TO A TWO-TO-ONE MARGIN, WITH PLP SPLITTING DOWN MIDDLE. WILSON, OF COURSE, IS STRIVING TO HOLD MAJORITY OF PLP (157 AFTER DEDUCTIONS FOR DEPUTY SPEAKER, VACANCIES AND TRAVELING MPS), BUT ANTI-EC GOVERNMENT WHIP TOLD EMBOFF LABOR DEFECTIONS MAY GO AS HIGH AS 170. THAT WOULD LEAVE WILSON WITH LESS THAN 150 LABOR VOTES, AND FALL SHORT OF TWO-TO-ONE MARGIN. VOTE ON REFERENDUM WILL BE FAR CLOSER -- LIKELY

MARGIN ABOUT 40 VOTES -- IF CONSERVATIVES OPPOSE, AS IS EXPECTED. ANTICIPATED GMWU ANNOUNCEMENT, IF IT EVENTU-ATES, WILL HELP WILSON AND LIFT SPIRITS OF PRO-MARKE-TEERS. IT IS ALSO A FURTHER INDICATION THAT OUTCOME OF APRIL 26 SPECIAL LABOR PARTY CONFERENCE MAY BE CLOSER THAN MOST OBSERVERS EXPECT -- DEPARTMENT WILL RECALL THAT NOVEMBER 1974 LABOR PARTY CONFERENCE NARROWLY APPROVED ANTI-EC RESOLUTION. THAT VOTE INDICATED SIGNIFICANT UNDECIDED AND/OR FAVORABLE SENTIMENT AMONG TRADE UNIONS (SEE LONDON 15679).

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBERSHIP, RELATIONS WITH REGIONAL ORGS, NEGOTIATIONS, SPECIAL ELECTIONS, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Draft Date: 07 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON05215
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750120-0292
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750476/aaaacrfb.tel
Line Count: 343
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LONDON 4801, 75 LONDON 5030, 75 LONDON 4918
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by BoyleJA>; APPROVED <17 SEP 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC MEMBERSHIP: WEEKEND DEVELOPMENTS AND OUTLOOK
TAGS: PINT, PFOR, EGEN, UK, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006